



PORTRAIT

Diligentia's MD has both feet on the ground

FOCUS: RETAIL

The most exciting sector on the Swedish market

ELECTION 2014

The industry's views of Sweden's Riksdag elections



Extra
magazine
inside!

THE LEADING PROPERTY MAGAZINE IN THE NORDIC REGION

Swedish retail properties are strong

LET ME START by establishing a fact – the Swedish market for retail properties is strong. Interest from international investors is great, and

» There is an incredible amount of exciting things going on on the Swedish retail market.«

retail properties must adapt themselves and their properties to.

IN SUMMARY, there is an incredible amount of exciting things going on on the Swedish retail market. For Fastighetssverige, as the prime medium in the Nordic property market, it is therefore self-evident to be present on Mapic.



Editor-in-chief // Eddie Ekberg

we have recently seen the US company Starwood and the Norwegian Olav Thon Group, who have each separately invested billions.

AT THE SAME TIME, the economic development and various forecasts indicate a continued strong market within the segment in Sweden. So only sunshine, then?

WELL, THERE IS ALSO technological development at break-neck pace, where e-trading is taking an ever greater market share. This is a development that the owners of

HAPPY READING!

4 2014 // Year 10

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On the cover // Anders Kupsu
Read the interview on page 24.

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We build
business
results.

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The election

The industry's reactions to the change of government.



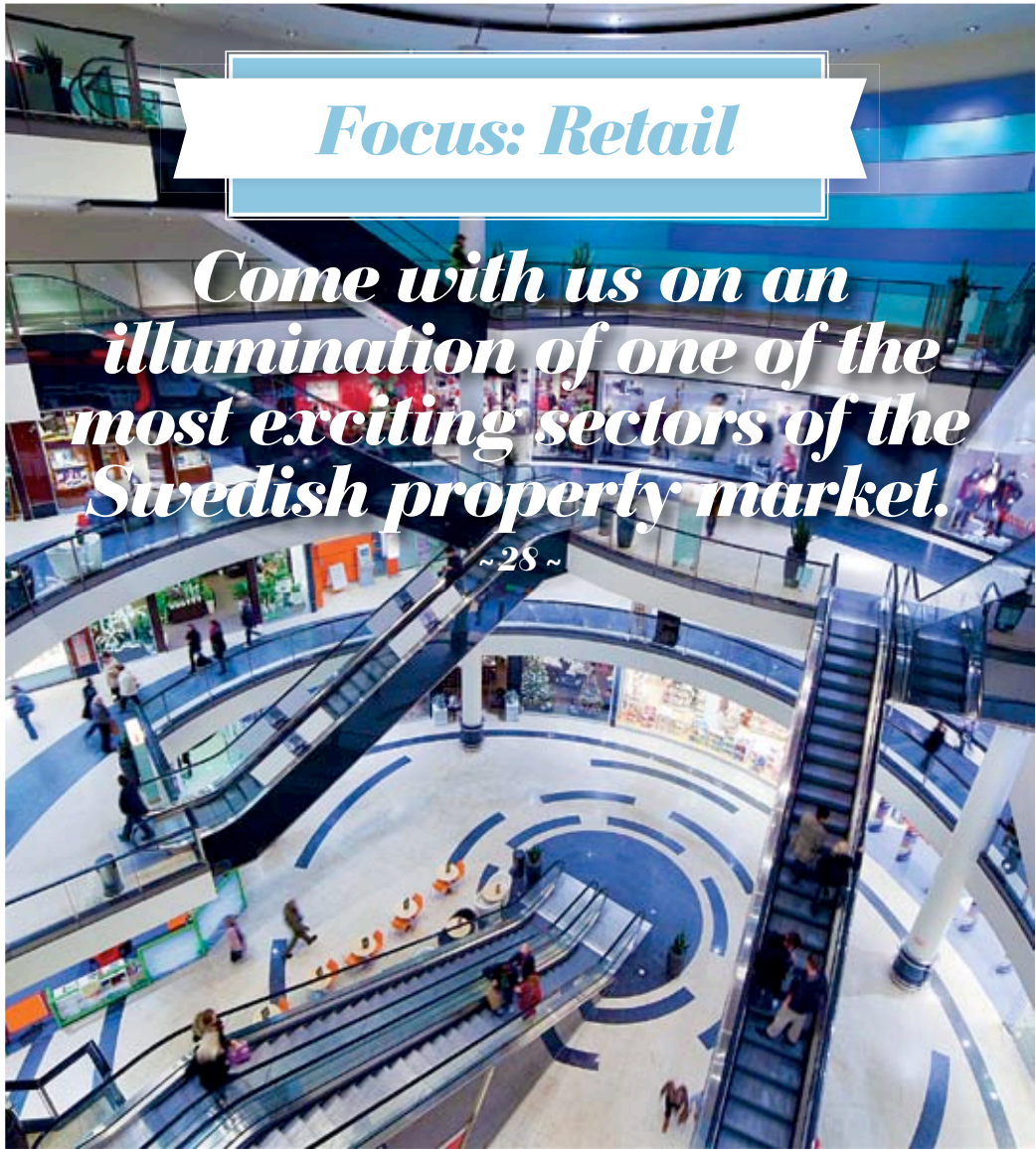
News

Here is the latest news from the industry.



Stock exchange rush

Swedish property companies are choosing the stock exchange.



■ In the world around us, the economic developments in important countries are increasingly out of kilter with each other. Some parts of the Swedish economy are going at top speed, while others barely have steerage way. On many important points, the outlooks are quite divergent.



DIVERGENT IMAGE. Some parts of the Swedish economy are going at top speed, while others barely have steerage way. On many important points, the outlook is quite divergent.

Divergent outlooks for the Swedish economy

THE US ECONOMY HAS STRENGTHENED considerably. Growth is increasing and unemployment is moving towards less than six per cent. The US central bank, which has been a driver in terms of stimulus interventions after the financial crisis, has already started to normalize monetary policy, and the market is expecting a series of interest rate increases during 2015. In the United Kingdom too, the economy is growing stronger and the central bank is about to start reducing stimuli. However, the rest of Europe seems to be teetering on the brink of deflation and recession. Over the last few months, more and more macro-indicators in an ever increasing number of European countries have turned downwards. The European Central Bank has flagged drastic stimuli. For the first time since the early 1990s, it might be that interest rates in the USA and Europe will be moving in different directions for some time to come. Where are Swedish interest rates going?

The Swedish economy is wavering between the American and the European way. Our great dependency on exports – and our large-scale trade with the rest of Europe – has meant that some parts of the economy have been faltering quite a lot since the

MIGHT BE A POLITICIAN

Name: Tor Borg.
Age: 46 years.
Profession: Chief Economist, SBAB.
Leisure: Swimming, running, bicycling, skiing and considering becoming a politician.

financial crisis started just over six years ago. For example, exports of goods are five per cent lower than they were in 2008, and the production volume of industry is as much as 18 per cent lower. The investment level has also dragged itself back up to approximately the same level it was at six years ago. At the same time, strong public finances, falling interest rates and good income development have meant that the domestic parts of the economy have done well – for example, turnover in retail trade increased by 16 per cent. But for how long can the export-dependent Swedish economy continue to grow without demand from the world around us picking up pace?

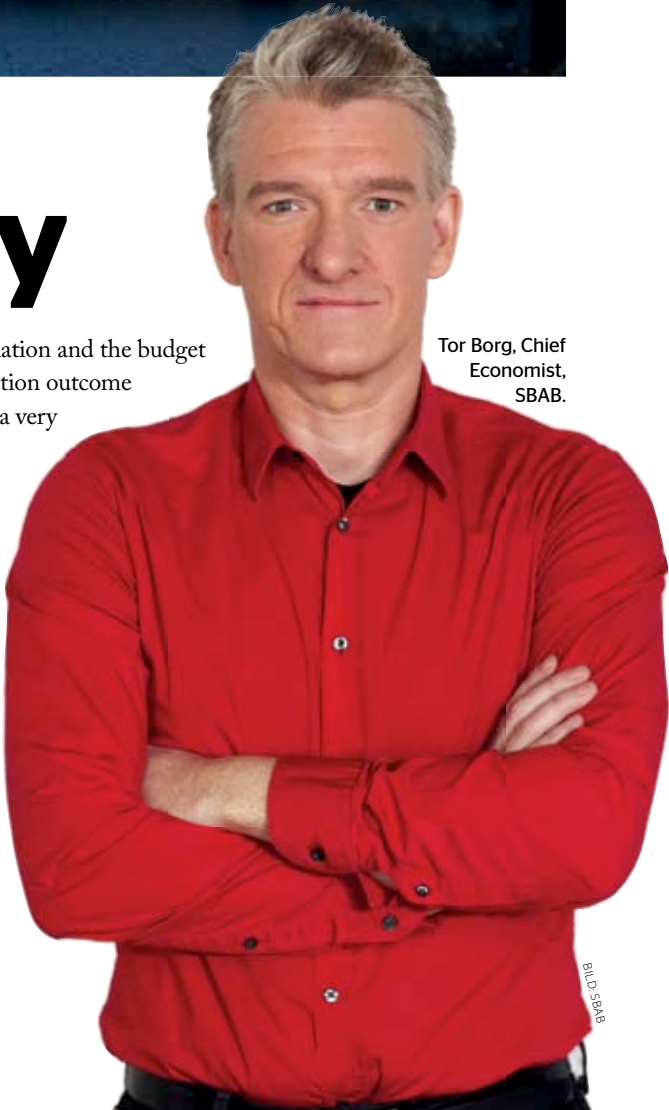
DEVELOPMENT IS DIVERGENT on other levels, too. The number of people in work in Sweden has increased by just over four per cent since 2008 – which is a lot compared to most other countries – but unemployment is around eight per cent, 1.5 percentage points higher than in 2008. The major monetary policy stimuli from Riksbanken and other central banks have driven down the price of money to record low levels. Economic theory and common sense state that when the price of money falls, the price of something

else rises. The hope had been that the prices of goods and services and also wages would rise a bit quicker. This is not been the case; instead, they have increased ever more slowly. Instead, the stimuli have fuelled the asset markets, and both the stock exchange and the housing market have set new price records. Will continued low interest rates produce bubbles on the asset markets?

HOUSEHOLDS HAVE BEEN FAVOURED by increasing employment, higher real incomes, falling interest rates and increasing house prices. Paradoxically, they have increased both their savings and their indebtedness at a rapid rate. Swedish households can boast a high position in the European league in terms of both savings and indebtedness quotas. One effect of this is that the sensitivity to changes on the finance markets has increased. How will households react if interest rates were to rise sharply, in combination with a fall in share prices and house prices?

The political outlook is also divergent. Much of the favourable economic development over the last twenty years has been based on politicians building a stable framework for economic policy, which

has entailed keeping both inflation and the budget deficit under control. The election outcome means that we will now have a very weak minority government, with limited opportunities. There will hardly be a wave of reforms in the coming years. In itself, this does not have to be negative. However, there is a risk that we will gradually see the economic policy framework being hollowed out. And what will happen if there is some kind of crisis that may require unpopular decisions? Can the Swedish economy cope with four years of political paralysis? ■



Tor Borg, Chief Economist, SBAB.

Sector reactions to the outcome of the Riksdag election

■ The outcome of the election to the Riksdag re-draws the political map in many places around Sweden.

But what does it mean for the sector, the property market and house building?

Here are the reactions of four sector representatives. **By:** Eddie Ekberg



ANETTE FRUMERIE
MD, Besqab

› **How do you think the outcome of the Riksdag election will affect actors on the property market?**

“For the property sector, the Riksdag election means a partly new political terrain to navigate. We can expect that some issues, such as building flats to rent, are given a greater political priority. At the same time, many of the former government’s reforms in the construction and property area will probably remain. There is some uncertainty how a weak minority government will handle the enquiries that are still in progress, such as into appeal options and regional planning.”

› **How do you think the outcome of the Riksdag election will affect the property market?**

“Political uncertainty is, of course, never a good thing for the markets. In this way, the unclear parliamentary situation in the Riksdag – and also in many municipalities – is a problem in the short term. But once the uncertainty of the first few weeks has calmed down, and we have a new government in place, the

Riksdag election will probably not have any lasting effect on the property market.”

› **How do you think the outcome of the Riksdag election will affect house building?**

“House building was part of the agenda during the election campaign in a way that it hadn’t been before. Increased house building is a priority right across the political scale, which is a good thing; it lays the foundation for a more long-term and stable housing policy. There are also openings from both left and right about taking measures to reduce the indebtedness of households, so reforms of some kind are to be expected. A Social Democrat-

»For the property sector, the Riksdag election means a partly new political terrain to navigate.«

led government may take steps to prioritize the building of more flats for rent in particular, and to make the prerequisites for owned and rented housing more equal.”

› **How do you think the outcome of the Riksdag election will affect international investments on the Swedish property market?**

“Some investors may wait and see developments before a new government is in place. But once the political situation has clarified and it is ‘business as usual’ also within politics, then international investors will probably continue to see Sweden’s good opportunities for growth. It is only if the unclear political situation were to result in a government crisis that international investors would be more affected, but I think that most politicians would want to avoid Sweden getting into that scenario.”

› **What do you think the outcome of the election will mean otherwise?**

“I would like to take this opportunity to emphasize that it is not just the Riksdag election that impacts on the property and housing sector. Our development projects are also affected by the election outcome at municipal level, as the municipality have a planning monopoly. It is therefore at least as important for us to understand how the election has impacted on the governance in those municipalities where we are active, and what the consequences will be for the individual projects. Finally, I want to underline that the fundamentals are good for the housing market in Stockholm and Uppsala; I have a strong belief in the future of the sector and am happy that the issues have ended up high on the political agenda – this is needed for good social development.”



LEIF LINDE
MD, Riksbyggen

› **How do you think the outcome of the Riksdag election will affect actors on the property market?**

“Probably not at all – unless they decide to act on the proposals from the corporate taxation committee. This would be a mortal blow to the industry, and new production in particular, if the right to deduct interest was offset against lower corporation tax.”

› **How do you think the outcome of the Riksdag election will affect the property market?**

“No great importance. The market is probably more affected by the state of the economy and interest rate developments, which in turn are affected by lots more things than which party has the majority in Sweden’s Riksdag.”

› **How do you think the outcome of the Riksdag election will affect house building?**

“As all parties in the Riksdag were positive to increased house building in the election campaign, we have great hopes that our elected members will reach decisions that counteract the current lack of housing. A proposal to stimulate increased new production of small rented flats was included in the election campaign of the parties that look to be forming the new government, and this is of course good. Increased investments in infrastructure, for example the metro in Stockholm and similar, are of course also positive.” ➤



› How do you think the outcome of the Riksdag election will affect international investments on the Swedish property market?

“International investors may possibly be affected by the uncertain parliamentary situation if we get a government that has difficulty getting decisions through. This could hamper financial investments to some extent.”

› What do you think the outcome of the election will mean otherwise?

“The most important thing for the construction and housing sector is having a clear goal for housing production, a housing minister with determination and ambitions – and broad, bloc-transcending agreements that produce good prerequisites in the long term for increased building.”

PICTURE: TOBIAS BLOMGRÖN



TOMAS ERNHAGEN
Chief Economist, Fastighetsägarna

› How do you think the outcome of the Riksdag election will affect actors on the property market?

“Currently, the effects look likely to be small.

The election campaign did not give any clear guidance to the sector. We know that both the alliance parties and the red-green bloc want to build housing. How production is to increase from the current level is unclear, however. The various proposals that have been put forward don't go far, and unfortunately nobody dares to speak clearly when it comes to important issues, such as rent regulation. Otherwise the sector is most worried about the corporate taxation committee's proposal to sharply reduce the ability to deduct interest. If this becomes reality, the construction of everything from housing to offices and shops will fall sharply. We just have to cross our fingers that this proposal won't be passed.”

› How do you think the outcome of the Riksdag election will affect the property market?

“When it comes to the transaction market, I think that the outcome of the election will have little effect. A weak government may possibly lead to marginally increased interest rates. But we are, after all, used to minority governments and the finance policy regulatory framework creates stability. If the Social Democrats and Greens do not get their budget through though, then we face a new situation. The risk of a new election increases, and then inter-

national investors will probably recoil, with increased interest rates and reduced interest in Swedish property as a result.”

“In the longer term, it is probably still the corporate taxation committee that constitutes the greatest risk. If the proposal is passed, the prerequisites for the entire sector will deteriorate considerably, and this will of course be reflected in a reduced interest from investors.”

› How do you think the outcome of the Riksdag election will affect house building?

“Politicians on both sides of the bloc border have tried out out-do each other when it comes to promises of how many new homes are to be built. But as we all know, it is not politicians that build homes. On the other hand, they can create prerequisites through well-defined proposals. We didn't see any of those in the election campaign. The red-green promises about construction subsidies won't solve any problems. Partly because they are too small to have any real impact, and partly because subsidies usually only lead to bad investments. For as long as the politicians close their eyes to the effects of rent regulation, we are unlikely to see any building boom for rented flats.”

› How do you think the outcome of the Riksdag election will affect international investments on the Swedish property market?

“Most of those who invest are probably expecting Sweden to be a reasonably stable country politically, even with a weak red-green government. But if the government should fail to get its budget through, or if it is regularly voted down on important issues, then there's a risk that we will have to have a new election. In such a situation, the stream of international investments would probably flow less fast.”

»For as long as the politicians close their eyes to the effects of rent regulation, we are unlikely to see any building boom for rented flats.«

› What do you think the outcome of the election will mean otherwise?

“An important issue that impacts on the future growth of the Stockholm region, and thus the entire country, is the discussions about the Stockholm by-pass and Bromma airport. The greens want to bin the plans for the by-pass and close down Bromma airport. Stefan Löfven and the next Stockholm Finance Commissioner, Karin Wanngård, have promised not to negotiate on these important issues. It just remains to see what will happen with this.”



MONICA VON SCHMALEENSEE
MD, White

› How do you think the outcome of the Riksdag election will affect actors on the property market?

“Things will continue to go well for the sector as a whole, thanks to the investments being made into infrastructure.”

› How do you think the outcome of the Riksdag election will affect actors on the property market?

“I have a presentiment that we are on the way towards a downturn, like the one we had in 2008.”

› How do you think the outcome of the Riksdag election will affect actors on the property market?

“Ensure that more rented flats are being built and that the municipal housing company will get an even greater mandate. A challenge to the municipalities is to review the price model when selling land, so that it favours smaller actors and the building of rented flats.”

› How do you think the outcome of the Riksdag election will affect actors on the property market?

“Good properties in attractive locations with high level environmental goals will be winners also on an international scale.”

› What do you think the outcome of the election will mean otherwise?

“My wish is that, if we are to achieve a sustainable city, the attitude of a quarterly economy with a short-term horizon will have to change, and also for politicians to understand the importance of long-term thinking, so that we can achieve braver decisions about future investments.”

NEWS IN BRIEF

by Eddie Ekberg



SEK 54 billion earmarked for Sweden

According to DTZ's report "Great Wall of Money", SEK 54 billion of property investments has been earmarked for Sweden.

SWEDEN DTZ Research has launched the tenth edition of "Great Wall of Money". The report shows that the capital raised for properties is reaching record levels. For Sweden, the earmarked capital amounts to SEK 54 billion. The report states that a total of SEK 2,960 billion of new capital was available globally for property invest-

ments. This is an increase of 15 per cent compared with the estimate made six months ago.

For Sweden SEK 54 billion of new capital has been raised, which is an increase of 14 per cent compared with the corresponding estimate made six months ago. Considering the Nordic countries as a whole, the capital

amounts to SEK 93 billion, an increase of 11 per cent.

"We feel that there is very strong demand for properties. Now interest is beginning to increase also from international capital," says Agneta Jacobsson, MD for DTZ in Sweden and responsible for Nordic coordination.

The properties were previously part of the larger portfolio D Carnegie acquired in July this year, and Graflunds were therefore already in charge of the financial management.

The seller is Sörmlandsporten AB, which is owned

in equal shares by Fondex AB and D Carnegie's main owner, Kvalitena AB.

"We are pleased to be able to acquire a well-maintained housing portfolio with an excellent location in Norrköping," says D Carnegie's MD, Ulf Nilsson.



Ulf Nilsson.

D Carnegie is buying for billion in Norrköping

TRANSACTIONS D Carnegie is buying 1,900 flats in a partially internal deal in Norrköping. The underlying property value amounts to SEK 1 billion.



Agneta Jacobsson, MD for DTZ in Sweden.

Property profile leaves fortune to foundation

COMPANIES Per Arwidsson, the owner of Granen Fastighetsutveckling, is setting up a foundation working towards better city environments. He is willing the major part of his life's work to the foundation.

The name of the foundation will be Birthe och Per Arwidssons stiftelse, DI writes.

Initially, the foundation will have a starting fund of SEK 20 million, but Per Arwidsson has also drawn up a will where the major part of his fortune will come to the foundation after his death.

"It is a question of hundreds of millions, but I don't want to account for my fortune here and now in the paper. Nor am I all that old, so hopefully there will be a few more kronor," says Per Arwidsson, 62, to Dagens Industri.



Per Arwidsson.

Cityhold buying lots in Hamburg

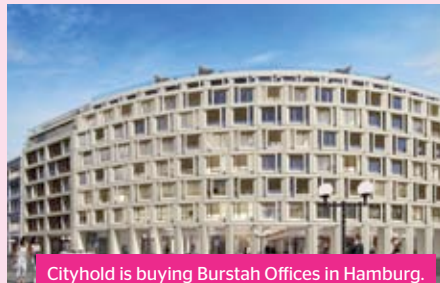
TRANSACTIONS Cityhold is buying a major office property in Hamburg, this time "Burstah Offices", covering 18,000 square metres.

The parties have not published any purchase price, but Fastighets-sverige estimates it at around EUR 100 million, corresponding to just over SEK 900 million.

The property is currently 75 per cent let, and will be ready for entry in the spring.

The deal means that Cityhold's German portfolio is now worth around EUR 300 million, corresponding to just over SEK 2.7 billion.

In total, Cityhold now owns property to a value of about EUR 900 million.



Cityhold is buying Burstah Offices in Hamburg.

Five leave Catella - move to Cushman & Wakefield

COMPANIES Five employees at the property advice unit at Catella - including its head, Anders Nordvall - are leaving the company. All are instead starting at Cushman & Wakefield.

The five leaving Catella are Anders Nordvall, Thomas Persson (who was head of the property advice unit before Nordvall), Niklas Zuckerman, Daniel Anderbring and Erik Dansbo.

Anders Nordvall has been appointed MD of Cushman & Wakefield in Sweden. The current Sweden manager, Magnus Lange, will remain in his position until the end of the year.



Anders Nordvall.

PICTURE: CATELLA

THE WORLD'S LARGEST O'LEARYS - IN STOCKHOLM

STOCKHOLM O'Learys opened recently in Kista Galleria in Stockholm. With a restaurant, bowling hall and go-kart track totalling 6,000 square metres, it confirms its position as the world's largest O'Learys.

"We strive to offer a broad range that appeals to our visitors from morning to night, and then it is important to have a good mix of shopping, entertainment and services under the same roof. The new O'Learys will become an entertainment mecca that will reinforce the visitor experience at Kista Galleria," says Magnus Åkesson, Commercial Director at Citycon.

STRONGEST FULL YEAR SINCE THE FINANCIAL CRISIS

TRANSACTIONS The Swedish transaction market is strong. If activities maintain their rate during the last quarter of the year, the year's trading volume will be the highest since the start of the financial crisis, according to JLL Tenzing.

The trading volume for the third quarter of 2014 amounted to just over SEK 31 billion according to JLL Tenzing's assessment, a reduction of 15 per cent compared to the previous quarter and an increase of 50 per cent compared to the same period in 2013.

MEHMET KAPLAN NEW HOUSING MINISTER

SWEDEN The Swedish Green Party's Mehmet Kaplan, 43, is Sweden's new housing minister.

He was previously held positions as, among other things the press spokesman for the Muslim Council of Sweden and chairman of Sweden's Young Muslims, as well as its secretary. Since 2003, he has also been a member of the Green Party's national executive and was elected to the Riksdag in

the 2006 election. On 3 October 2014, he was appointed Sweden's housing and city development minister in Stefan Löfven's government.



Mehmet Kaplan.

RIKSHEM BUYING FOR HALF A BILLION IN STOCKHOLM

TRANSACTIONS Rikshem is buying 43 social properties - primarily healthcare and group housing - with a total area of 23,318 square metres. The majority of the properties are located in the city of Stockholm.

The acquisition also includes a land area of around 180,000, which will facilitate the construction of housing.

The seller is a company owned by the financier Ulrich John.

The parties have not published any purchase price, but Fastighetssverige estimates it at around SEK 500 million.

INCREASED INTENSITY ON THE PROPERTY MARKET

SWEDEN Increased willingness to take risks, better access to finance and lower risk of vacancies means that the direct return demands on properties outside the very best locations continue to close in on primary locations. Good rental development and low vacancy levels simultaneously drive the total return for properties in the best locations, according to this autumn's edition of Newsec Property Outlook.



Arvid Lindqvist.

We know the property market

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NEWS IN BRIEF



It is the hotel king Petter A Stordalen and his Nordic Choice Hotels that will develop two independent hotel concepts on Brunkebergstorg in premises vacated by Swedbank. The contract covers almost 30,00 square metres. A view from what will be one of the hotel roofs.

Norwegian hotel king in Stockholm’s largest hotel deal

LETTING AMF Fastigheter recently published the largest hotel contract in Stockholm’s history. The Norwegian hotel king, Petter A Stordalen, with the hotel operator Nordic Choice Hotels, have been awarded the assignment of developing two unique and independent hotel concepts around Brunkebergstorg in central Stockholm. The deal is part of AMF Fastigheters investment – Urban Escape Stockholm.

“We were given a visionary proposal that we couldn’t resist. Together with Petter Stordalen and Nordic Choice, we will be developing a more lively quarter and also create increased profitability, which benefits our pension savers,” says Mats Hederos, MD of AMF Fastigheter.

“We are proud to be part of the most important city development project in the city of Stockholm since the 1960’s. We have the goal of being No 1 in the largest Scandinavian cities. This will form two significant pieces of our offensive in Stockholm,” says Petter A Stordalen, the owner of the hotels.

The agreement with Nordic Choice Hotels covers almost 30,000 square metres and means that one third of the vacant letting areas of the Urban Escape project are let out as one deal.



Lönbacken purchasing for SEK 3 billion

TRANSACTIONS Lönbacken is buying all the shares in Roxanne Fastighetsfond AB and expanding its ownership circle by Kåpan Pensioner Försäkringsförening and the Swedish Foundation for Strategic Research. The value of the deal amounts to around SEK 3 billion. Roxanne’s property portfolio consists of 35 properties, with an overall lettable area of around 243,000 square metres in 20 locations in Sweden. The Swedish government is the tenant of 90 per cent of the lettable area. Among the tenants are county councils, the Police, Swedish courts, the Tax Authority, the correctional services and the Swedish Energy Agency.

After the acquisition of Roxanne, Lönbacken’s property portfolio will amount to 96 properties with an area of around 463,000 square metres and a market value of around SEK 6.5 billion.



Tajiou and Bryngelson in joint venture

COMPANIES Granen’s former MD Mounir Tajiou, Vasakronan’s former MD Håkan Bryngelson and others have started the new property company Exerton. The first capital procurement has now closed and the first deal has been done.

Exerton is a new Swedish property company with a long-term attitude, founded by Mounir Tajiou and Joakim Einarson together with Håkan Bryngelson, Sverker Thufvesson and a limited number of Swedish institutions and professional investors.

Exerton will raise a total of around SEK 1.4 billion in equity in three capital procurements, of which the first is now closed. Exerton has also completed its first acquisition, two fully let properties in Häggvik, Sollentuna.



Mounir Tajiou and Håkan Bryngelson are forming the joint venture Exerton.

JM in deal worth SEK 815 million in Stockholm

TRANSACTIONS JM is buying the office property Marievik 15 in Liljeholmen in Stockholm for SEK 815 million. The purpose is to transform the building into housing.

The seller is AMF Fastigheter, which in 2012 started the detailed planning work in progress to develop around 500 homes and commercial premises in Marievik 15.

Entry to the property is during the first quarter of 2015, and the purchase price amounts to SEK 815 million.



JM is buying Marievik 15 from AMF Fastigheter.

CENTRUMUTVECKLING IN BANKRUPTCY

COMPANIES The Swedish retail consultant Centrumutveckling has submitted a bankruptcy application to Stockholm District Court.

“I have put in lots of money, but in the end it didn’t work any longer,” says the main owner Håkan Karlsson.

Håkan Karlsson described falling demand for specialized consultancy services – much because property owners are increasingly choosing to source personnel in-house.

“Our ambitious project and personnel investments during 2014 have not produced the results we expected in time. We were possibly too optimistic in our assessment of the market situation,” says Håkan Karlsson.

NIAM SELLING BILLIONS IN SWEDEN AND FINLAND

TRANSACTIONS Niam is selling properties in Sweden and Finland worth around SEK 2.8 billion.

During June and July 2014, Niam sold the remaining assets in Niam Fond III to Partners Group, a Swiss-based capital manager. The properties included office and retain properties in Finland and Sweden, and had a total lettable area of around 380,000 square metres. Niam Fond III was an opportunistic property fund focusing on investments in the Nordic countries.

“The sale marks the last chapter in the fund’s successful life. We are pleased to have exceeded our targets and succeeded in delivering a good return to our investors,” says Niam’s MD, Johan Bergman.



ICE HOCKEY STAR TO THE PROPERTY MARKET DAY IN STOCKHOLM

EVENT Property Market Day, Stockholm One of the world’s most successful ice hockey players, Nicklas Lidström, will be interviewed at the seminar Property Market Day in Stockholm at Grand Hotel on 18 November.

Nicklas Lidström grew up with Västerås IK Hockey, has had a long career with Detroit Red Wings as team captain, has been selected as NHL’s best back for seven times and is the holder of both an Olympic and World Cup gold medal. A few years ago, he put his skates away, though – and now he is working in property, among other things. Nicklas Lidström, together with Patrik Mellgren and Johan Ekholm in their joint company NJP Invest AB, has invested in Industrihus i Västerås AB, which is a strong, local and fast-growing property company in Västerås, focused on industrial properties.

VICTORIA PARK BUYS FOR SEK 1.7 BILLION

TRANSACTIONS Victoria Park is buying a portfolio of blocks of flats in Eskilstuna for SEK 1.7 billion. The seller is a family through the company Fogelvik Holding.

The acquisition is in company format and is based on an underlying property value of SEK 1,720 million, corresponding to around SEK 7,000 per square metre.

“This is an important and strategic deal for Victoria Park in the Lake Mälaren valley. Through this deal, we have taken a big step towards our goal of managing 1,000,000 square metres,” says Victoria Park’s MD Peter Strand.



RED-HOT OFFICE MARKET IN STOCKHOLM

STOCKHOLM JLL’s Nordic City Report gives a positive picture of Stockholm’s lettings market. The report establishes that of the 210,000 square meters expected to be completed before the end of 2016, 78 per cent are already let in advance.

During the first six months of 2014, demand for office properties in Stockholm was very high. The proportion of vacancies ended the six month period at 9.1 per cent – a figure that has not been lower since 2011. In Stockholm city, the proportion of vacant office properties is 3.6 per cent, while availability is slightly better in the other parts of the central city (5.4 per cent vacancies of the total office stock).



Hotter market attracting investors to Sweden

■ In its Fair Value Index, DTZ establishes that the markets in Stockholm and Gothenburg have gone from cold to warm in a European perspective. This is attracting more international investors to Sweden. **By:** Eddie Ekberg

THE SWEDISH PROPERTY MARKET continues to offer interesting investment opportunities. DTZ's Fair Value Index measures whether a market is under-priced or over-priced.

Agneta Jacobsson is MD of DTZ in Sweden, and has found a noticeable difference in the survey in recent times.

"All Swedish markets have become more attractive since the last quarter. This is due to slightly better prospects for expected returns and falling bond interest rates in Sweden. The trend strengthened from Q1 to Q2 2014," says Agneta Jacobsson.

► **And what does this specifically mean for Stockholm and Gothenburg?**

"Offices in Stockholm have gone from cold to warm as a result of a fall in bond interest rates in particular, which has pushed down the return demands on property. This is making property more attractive comparatively. Note that the degree of underpricing has changed from 5.6 percent to 2.5 percent. So even if the classification has changed from cold to warm, offices in Stockholm are still not under-priced; instead, it is the degree of over-pricing that has fallen. Gothenburg has also gone from cold to warm for the same reason, but Gothenburg offices are now considered to be slightly under-priced."

► **What do the results say about our property market?**

"The results show that several interesting markets are develop-



Agneta Jacobsson, MD for DTZ in Sweden.



HOT MARKET. According to DTZ's Fair Value Index, the property markets in Stockholm and Gothenburg have gone from cold to warm in a European perspective. This means that several international investors are interested in entering our market.

»The Swedish market is becoming ever more attractive to investors, including international investors.«

› ping in Sweden, which are attractive for investors. However, it is not always the case that you find a correctly priced object that fits the portfolio in order to do a good deal. You must not forget that you can do good business also on cold markets, if you find the right object, and so on.”

› **What does this mean for property investors?**

“You could sum up that there is a buying position for certain investors, but selling position for others, depending on the goal of your investments, but in total, there are more markets that are becoming interesting to investors.”

› **What does this mean for the future demand for property in Sweden?**


“The Swedish market is becoming ever more attractive to investors. This will probably remain so for some time, as there are not normally major changes from one quarter to another.”

› **And for international investments?**

“The Swedish market is becoming ever more attractive to investors, including international investors. We can see this in

reality, with increased interest from international investors. Many are here looking at the possibilities; others have gone further and are making bids in various transactions. They are investors from the USA and Europe, but also from Japan and China, for example. There are differing types of investors looking at differing types of properties, but many are looking for large objects. Several have come to Europe and invested in London, and perhaps somewhere else, and then they continue spreading out from there.”

› **What rainclouds are lurking behind the sun?**

“If too many investors compete for the same object, we can expect rising prices, and there is always a risk that the market can become over-heated. If there is then a new macro-economic shock, the decline can be noticeable. We are having a general election in Sweden this autumn, and that can always change the rules of the game and increase uncertainty a bit, but the greatest impact is surely the international situation. At the moment, there is unrest in several parts of the world, and the European crisis is not entirely solved yet either.” 

ATTRACTIVE CITY RETAIL



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Find out more about our retail portfolio and projects on vasakronan.se/handel

VASAKRONAN
Välkommen till en bättre värld



BESQAB

Listing date: June 12.

Subscription price: SEK 73.00.

Lowest closing price: SEK 69.50 (October 16).

Highest closing price: SEK 86.50 (June 16).

Closing price October 17: SEK 71.75.

Market capitalization: SEK 11 billion.

MD: Anette Frumerie.

Chairman: Johan Nordström.



**AKELIUS RESIDENTIAL
(PREFERENCE SHARES)**

Listing date: June 5.

Subscription price: SEK 300.00 (SEK 320.00).

Lowest closing price: SEK 322.00 (October 15).

Highest closing price: SEK 367.00 (July 28).

Closing price October 17: SEK 326.00.

MD: Pål Ahlsén.

Chairman: Leif Norburg.



PLATZER

Listing date: November 29, 2013.

Subscription price: SEK 26.60.

Lowest closing price: SEK 26.50 (June 9).

Highest closing price: SEK 32.10 (July 10).

Closing price October 17: SEK 27.90.

Market capitalization: SEK 21 billion.

MD: P-G Persson.

Chairman: Fabian Hietle.



D CARNEGIE & CO

Listing date: April 9.

Subscription price: SEK 39.00.

Lowest closing price: SEK 40.00 (April 9).

Highest closing price: SEK 52.25 (June 3).

Closing price October 17: SEK 41.20.

Market capitalization: SEK 2.8 billion.

MD: Ulf Nilsson.

Chairman: Knut Pousette.

Swedish property companies are choosing the stock exchange

■ During the last year, a number of Swedish property companies have rung the stock exchange bell in Stockholm – and more are on their way to the stock exchange. Most companies to date have had a positive introduction to the stock exchange.

By: Nicklas Tollesson // Picture: Nasdaq OMX

IN 2007, JUST BEFORE the financial crisis started, several Swedish property companies became listed on the stock exchange. But after that, there were no further listings – instead, some companies, such as Din Bostad, Home Properties, Dagon and Brinova, were bought up and left the stock exchange. But since the end of 2013, a wave of listings has taken place. The major underlying cause is, of course, that property shares have been traded at premium value for a while, which means that the time is good for listing – in one fell swoop, the value of the properties increases. Plazer was the first in this round of listings. The company from Gothenburg has for several

years been working towards a listing and, on 29 November 2013, the company took the final step. The first day was tempestuous – Wallenstam, one of the major shareholders in the company, elected to sell its entire holding on the stock exchange. “I knew that they would not be a long-term owner, but not that they would sell on the first day. In the short term, this was negative, as the sale dampened the price. But in the long term, it was a good thing they sold. Firstly, it meant that we now have a larger so-called free float, with more shares in circulation, and trading has become more liquid. Secondly, Wallenstam is a competitor of ours, and not a natural owner,” commented Platzer’s MD, P-G Persson. Platzer’s subscription price was SEK 26 and,

at its lowest, the share traded at SEK 26.50. Most of the time, the price has been around SEK 30, with a top price of SEK 32.50. Hemfosa and D Carnegie have also traded a bit (10–20 per cent) above their subscription prices. Oscar Properties, which develops tenant-owner properties in Stockholm, has been traded far below its subscription price. The subscription price for the company was SEK 30, and traded as high as SEK 38.50 a couple of days after listing, but at the time of writing, trading was approximately at the listing price of SEK 23. AMONG THE NEW property companies are also a couple of specialist companies, Delarka Holding

and Kallebäck Property, which have both been brought to the stock exchange by their parent company, Pareto Securities. A feature of both companies is that they each only own one property, with long leases. The companies pay dividend each quarter, and are in this similar to preference shares. Delarka and Kallebäck Property pay SEK 2 in dividend per quarter, and are traded at approximately SEK 110 per share. Akelius Residential have listed preference shares. The company, which owns flats in Sweden, Germany, United Kingdom and Canada, issued its preference shares at SEK 300 in the summer. They were traded on the first day at SEK 330, and increased further and were for a while the second ➤



KALLEBÄCK PROPERTY

Listing date: March 28.

Closing price, day 1: SEK 105.00.

Lowest closing price: SEK 105.00 (March 28).

Highest closing price: SEK 114.50 (May 22).

Closing price October 17: SEK 109.75.

Market capitalization: SEK 400 million.

MD: Stefan Björkqvist.

Chairman: Clara de Château.



HEMFOSA

Listing date: March 21.
Subscription price: SEK 93.00.
Lowest closing price: SEK 96.25 (March 21).
Highest closing price: SEK 117.75 (May 8).
Closing price October 17: SEK 111.
Market capitalization: SEK 7.3 billion.
MD: Jens Engwall.
Chairman: Bengt Kjell.



DELARKA HOLDING

Listing date: December 17, 2013.
Closing price, day 1: SEK 105.00.
Lowest closing price: SEK 105.00 (December 17).
Highest closing price: SEK 115.00 (September 23).
Closing price October 17: SEK 109.50.
Market capitalization: SEK 547 million.
MD: Sven Hegstad.
Chairman: Lennart Låftman.




OSCAR PROPERTIES

Listing date: February 17.
Subscription price: SEK 30.00.
Lowest closing price: SEK 23.00 (October 16).
Highest closing price: SEK 38.50 (February 19).
Closing price October 17: SEK 23.50.
Market capitalization: SEK 700 million.
MD: Oscar Engelbert.
Chairman: Jakob Grinbaum.

➤ highest valued preference share (after Fastpartner) among Swedish property companies. This autumn Akelius issued more preference shares – at SEK 320 – and the shares are now traded at SEK 330. The share pays a dividend of SEK 5 per quarter.

The wave of listings is not complete with this, though. A further two companies have stated that they have the ambition to become listed during 2014 – NP3 Fastigheter and Sveareal.

“NP3 is a property company based northern Sweden, with a strong local connection. We are now aiming at a listing, which would be an exciting and natural next step in the company’s development. We are seeing several interesting business opportunities on the market, and we intend to continue being active in our selected locations,” says Andreas Nelvig, MD of NP3 Fastigheter AB. 

Largest transactions

(The figures are provided by Newsec)

1

2

3

Top three Stockholm 2014 Q3

| | | |
|---|---|---|
| Buyer: Alecta. Seller: Skanska. Property: Part of the office project “Entré Lindhagen” on Kungsholmen island, Stockholm. Fully let to Nordea, Skanska and Ballbreaker. Price: SEK 1 700 million. | Buyer: Skanska. Seller: Alecta. Property: The plot Snäckan 8 located on Tegelbacken next to Sheraton Stockholm Hotel. Fully let to KPMG. Price: SEK 650 million. | Buyer: Ikano Bostad. Seller: Rikshem. Property: Through a swap with Rikshem, Ikano Bostad is expanding and establishing itself on two new markets, Uppsala and Danderyd in Stockholm. Price: SEK 650 million*. |
|---|---|---|

Top three Gothenburg 2014 Q3

| | | |
|---|--|---|
| Buyer: Elof Hansson Fastigheter and Balder. Seller: HSB Göteborg. Property: Masthugget 11:13 total area is around 32,000 sq m and consists mainly of premises, but also 119 flats and parking. Price: SEK 570 million. | Buyer: Balder. Seller: Rasta Group. Property: The hotel properties Nordstaden 10:16 and 10:17 in central Göteborg, which are let to Grand Hotel Opera. Price: SEK 280 million*. | Buyer: Ekström Fastigheter. Seller: Klövern. Property: Newly completed trading property in Alingsås, covering 7,700 sq m. Price: SEK 100 million*. |
|---|--|---|

Top three Öresund 2014 Q3

| | | |
|---|--|---|
| Buyer: Kungsleden. Seller: Midroc. Property: Malmö’s new trade fair complex in Hyllie. The deal includes an adjacent planned multi-storey parking. Price: SEK 320 million. | Buyer: Shall Fastigheter. Seller: Ole Vagner (Investor Partner AB and Vagner Sweden Holding AB). Property: Taxeringsintendenten 3 and 4 in Rosengård, with a total of 667 student flats and building rights for a further 340 flats. Price: SEK 300 million*. | Buyer: Executive Property Svenska AB. Seller: Midroc. Property: Office property in Hyllie covering 6,300 sq m of lettable area. Price: SEK 240 million*. |
|---|--|---|

* The purchase sum is estimated by Fastighetssverige.

Source: Newsec



With both feet on the ground

Diligentia's MD is a down-to-earth, calm and handy person

After 20 years with the construction giant Skanska, he changed course and became the MD of a classic property company – Diligentia. Here, Anders Kupsu talks about his journey to the *drawing room of the property sector* in Stockholm, the immediate challenges for Diligentia and about his own future plans. **By:** Eddie Ekberg



Anders Kupsu is a down-to-earth person, with both feet solidly placed on the ground. He is concrete in his way of thinking, and has a high level of resilience, something that is not least obvious when you look at his CV: more than 20 years at Skanska, before he left in 2010. So Diligentia is only Anders Kupsu's second employer in his sector career to date. In other words, there are not many signs that he will be leaving the company all of a sudden – Anders Kupsu is one of those who stays until the job is done.

"I have no other plans than this job, it is incredibly stimulating and challenging, and I like it a lot. I'll remain here for as long as I feel I can add something. And of course for as long as the board wants me to stay. And changing to another sector is not on the cards either. For as long as I

» I have no other plans than this job, it is incredibly stimulating and challenging, and I like it a lot.«

can remember, I have had a genuine interest in property," says Anders Kupsu.

» Describe your path to the MD seat at Diligentia?

"I qualified from the Royal Institute of Technology's property economics programme in 1989, when the property market was booming, and got at job at Skanska pretty quickly. For the

first three years, I was out on construction sites building houses, and then the financial crisis struck, and things turned into a bit of a roller-coaster. I started at Skanska's property division, where I first became a property manager and then market area manager. Then I worked with project development at Skanska's company in Hungary for a couple of years. I returned to Sweden in 2001 and became MD of Skanska Fastigheter in Stockholm. After that I started up Skanska's property development unit in the Nordic countries and later I also became MD of Skanska's commercial development in the Nordic countries, where I remained until 2010, when I was asked to become the MD of Diligentia."

» Have you reached your professional goal now that you are the MD of Diligentia?

"I have never had any career goals whatsoever. I've just done a reasonably good job, and have »

DOWN-TO-EARTH. Anders Kupsu stands solidly with both feet on the ground. His Norrland origins have given him a large dose of security and calm, something that benefits him in an eventful sector.

PICTURE: NICLAS LIEBERG/PIXPROVIDER

BUILT A SAUNA

Name: Anders Kupsu.

Age: 52 years.

Family: Partner and two children.

Grew up in: Örnsköldsvik.

Lives: Detached house in Sollentuna.

Car: Volvo V70.

Education: Chartered engineer, qualified from Royal Institute of Technology in 1989.

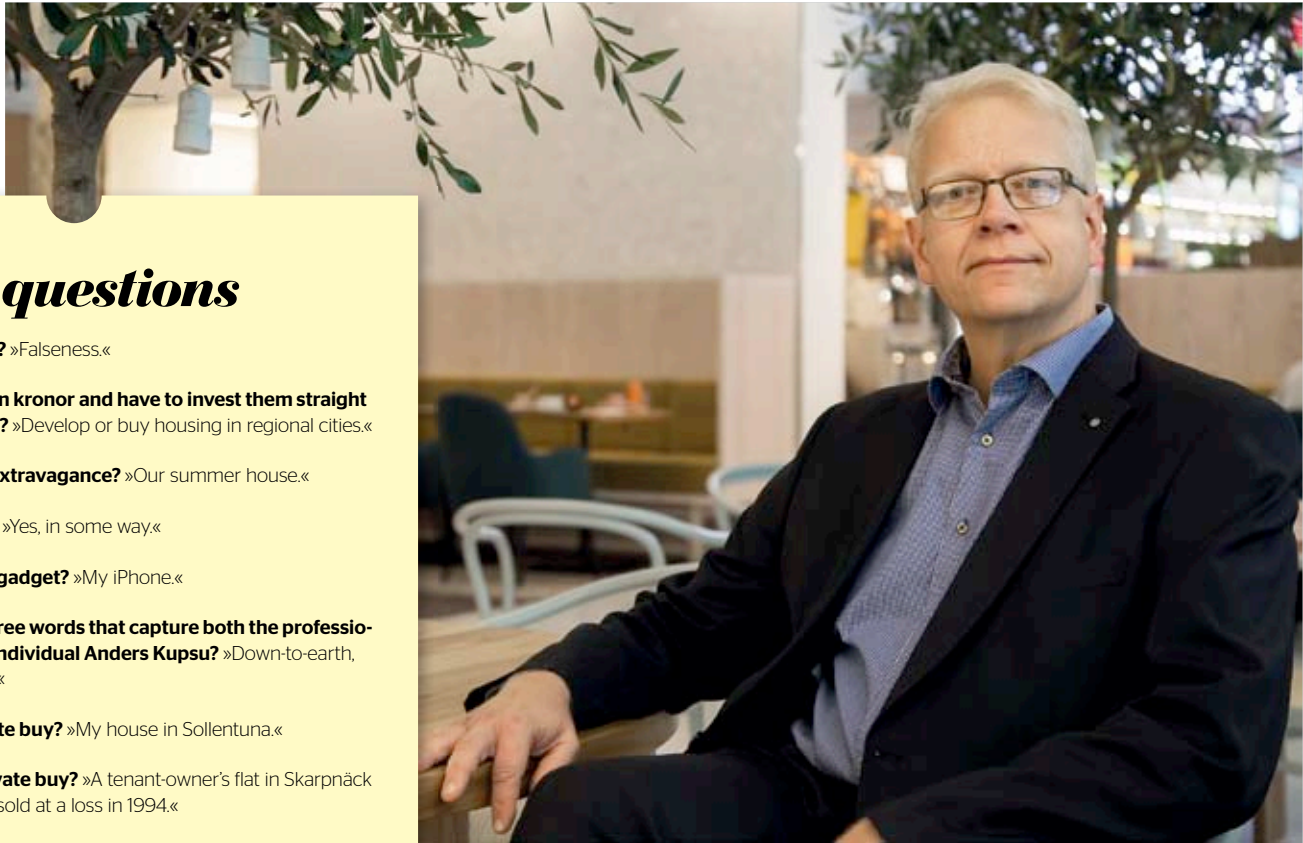
Career in brief: Started at Skanska almost immediately after qualifying, and stayed there until 2010, around 20 years, ended up as MD of Skanska Kommersiell Utveckling i Norden. MD of Diligentia since June 2010.

Reads: Biographies and historical novels.

Watches on TV: News, films and sport.

Other assignments: Member of the board of Jernhusen.

Bonus: Anders Kupsu is handy and built his own sauna at the summer house, among other things.



PICTURE NICLAS LIEBERG/PIXPROVIDER

10 quick questions

1. What makes you angry? »Falseness.«
2. You're given 100 million kronor and have to invest them straight away, what would you do? »Develop or buy housing in regional cities.«
3. What is your greatest extravagance? »Our summer house.«
4. Do you believe in God? »Yes, in some way.«
5. What is your favourite gadget? »My iPhone.«
6. Describe yourself in three words that capture both the professional man and the private individual Anders Kupsu? »Down-to-earth, non-prestigious and social.«
7. What is your best private buy? »My house in Sollentuna.«
8. What is your worst private buy? »A tenant-owner's flat in Skarpnäck in the early 1990's that we sold at a loss in 1994.«
9. Do you give money to beggars in the street? »No.«
10. Do you have any tattoos? »No.«

HANDY. Anders Kupsu is not all thumbs – the opposite, in fact. If the roof needs mending, he will do the job on his own. And recently he built a sauna at the summer house, all by himself.

› been given opportunities as a result. Then I have felt that the management roles I have been given have suited me well, so I have always been happy in the positions I have held.”

› What is your personal goal for the job as MD of Diligentia?

“My goal is to contribute to developing the company and myself. I really like it here at Diligentia, which is a company with long-term goals and a secure and strong owner.”

› What is the biggest challenge facing Diligentia over the next few years?

“A challenge in itself is to maintain good profitability. This means that we constantly have to make correct assessments of the contemporary environment. We currently have a project volume of around SEK 1.5 billion, and this is a level we plan to maintain, or rather increase. Running profitable projects is part of our strategy.”

“Another challenge is to meet the lack of skills that will arise in the sector in 5–10 years. For us,

it is important to have the best employees, and we therefore work hard on our management and on being an attractive employer. This we do by being visible with our brand in the right circumstances, as the community builder we are.”

› Do you have any other dream job in the sector?

“No, this job is optimal for me. This is my dream job.”

› How long will you remain as MD of Diligentia?

“For as long as I feel I can continue to the development of the company and, of course, for as long as I am happy here. And, it goes without saying, for as long as the board and the owner are pleased with my work.”

› What is important to consider for a sound development of the property market?

“To monitor what is happening in the contemporary environment and always be close to your customers.”


› Diligentia owns many shopping centres – what do you think of the so-called threat from e-trading?

“We don’t see it as any threat and are not worried. We are working on developing good meeting places, and monitor developments closely. We also have to continue investing in our shopping centres.”

› What do you do when you are not working?

“Then I like to spend time at our summer house on Vaddö, I play indoor bandy and sometimes golf. I am also reasonably cultural, and go to the theatre and similar. Now that our children have moved out, we feel we have got a lot of time, my partner and I.”

› What will you do when you leave the property sector?

“I don’t know whether I will leave, when I stop operative work, I will probably try to continue in some senior role, and perhaps board work.” 

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BESQAB
— 25 ÅR 2014 —



Focus: Retail

The Swedish market for retail properties is strong, and interest from foreign investors is great. For example, last autumn, the US company Starwood entered the market and initially bought seven trading areas from KF Fastigheter, for just under SEK 4 billion. And in June, the Norwegian Olav Thon bought five shopping centres from Steen & Ström for SEK 3.25 billion.

If you look at where the global retail companies intend to establish themselves and expand, you will find little Sweden in tenth place.

The economic development and various forecasts indicate a continued strong market within the segment.

But it is a market undergoing change. It is quite clear that the growing e-trading will have a major impact on existing and future shopping centres and shop premises. For example, they need to be re-designed to also handle electronic shopping.

Come with us on an illumination of one of the hottest sectors on the market. ➤

Greatly increased interest in retail properties

■ Redito, led by MD Jan Björk, has bought retail properties for SEK 5.5 million in eighteen months. And he foresees continued good business opportunities.

“There are lots of deals to be made in this sector, both in Sweden and the other Nordic countries.” **By:** Eddie Ekberg

› Tell us a bit about yourself and your career!

“The common factor is transactions, which I have been working with in different ways since I qualified from the Royal Institute of Technology in 1993. I was responsible for transactions at Aberdeen for eight years, then I spent six years at Alecta, where I built up an asset management function, among other things. Thereafter I felt I wanted to do something on my own, so in 2011 I left Alecta and started my own company. In 2012, I and Patrik Hagbart presented the idea of investing in properties with food retail operations to the Third Swedish National Pension Fund. They thought the idea sounded good, so then we built up a property company with this specialization, namely Trophi Fastighets AB, which was formed in November 2012.”

› Why only properties with food operations?

“Well, because we had identified a couple of things: firstly, that what drives the cash flow for these properties is people’s consumption of food, and that doesn’t vary from year to year. On the other hand, we are seeing a long-term increase in food consumption. This is therefore an investment with a very low level of risk. And the leases are long and secure, as a food tenant, as opposed ➤



PICTURE: THERESIE ARONSSON



Official name: The Kingdom of Sweden.

Political system: Constitutional Monarchy, with parliamentary government.

Head of State: King Carl XVI Gustaf.

Language: Swedish.

Population: 9.5 million (85% live in urban areas).

Area: 450,000 sq.km = 174 000 sq.mi.

Time zone: GMT + 1 hour.

Currency: 1 krona = 100 öre.

Largest cities: Stockholm (capital), Gothenburg, Malmö.

Noteworthy memberships: EU since 1995, WTO, OECD.

Most important export industries: Mechanical engineering, automotive, information and communication technology, pulp & paper, power generation, pharmaceuticals, iron and steel, transport services and tourism.

Most important import goods and services: Foodstuffs, raw materials and fuels, chemical products, machinery, electrical equipment, information & communication products and services, road motor vehicles, textile products & apparel, tourism.

Most important export and import markets: Europe, North America and Asia.

Source: Invest Sweden



SLALOM SKIING

Name: Jan Björk.
Age: 49 years.
Family: Wife and three children.
Lives: Detached house in Bromma.
Profession: MD of Redito.
Career in brief: Graduated from the Royal Institute of Technology in 1993, and has since held a number of leading positions within Aberdeen, was investment manager at Alecta and was involved in and started Alecta's and Ica's joint venture company Ancore. In 2012, Jan Björk founded Redito.
Car: BMW and Citroen.
Reads: Fastighetsverige and Dagens Industri.
Leisure: Relaxing on the jetty at the summer house. Slalom skiing.



PICTURE: EDNIE ENBERG

SEEING INVESTMENT OPPORTUNITIES. Redito, led by Jan Björk MD, has built up a portfolio of retail properties with an underlying value of around SEK 5.5 billion over eighteen months. And Jan Björk considers that there are plenty of business opportunities for those who have knowledge about the contemporary environment and the sector.

»We are seeing a strong increase in interest from both Swedish and international investors.«

› to an office tenant, for example, doesn't move out at the drop of a hat. Often, the very last thing they want is to break up an establishment once it is made. Secondly, we really only have four tenants, in Sweden – Ica, Coop, Bergendahls and Axfood – which makes communications with tenants very simple and efficient. Also, we saw that historically, prices have been very low in this sector.”

› Tell us a bit about Redito and your journey to date!

“We have averaged about one deal a month since the start. We have bought 250 properties, and have all the four food chains as tenants in Sweden, and the two large ones in Finland, S-gruppen and Kesko.”

› You went into Finland around six months ago, why was this?

“There are several advantages with the corresponding properties in Finland. Direct returns are higher, the interest rate is lower, the supply is greater and demand is lower. They also have real triple net agreements, in other words where the tenant is responsible for all costs, and this means the investments' level of risk is low.”

› How large will you become in Finland?

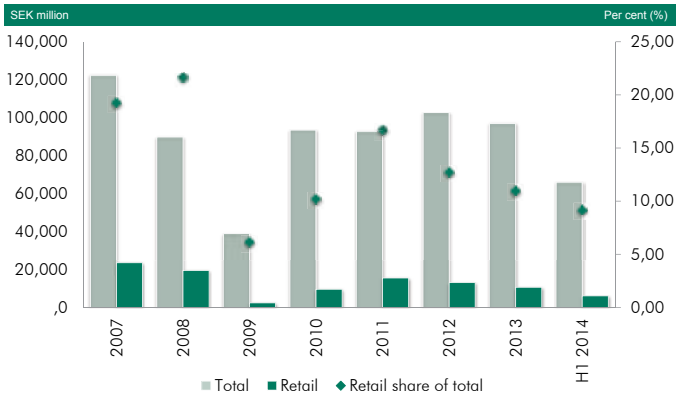
“Currently, we have properties worth SEK 2 billion in Finland, and SEK 3,5 billion in Sweden. And we have said that we don't want the Finnish holding to be bigger than the Swedish. So we can buy some more, in particular considering that we will grow further in Sweden too. But we have no absolute goal for how big we want to get, but I hope we can continue to grow significantly in both Sweden and Finland over the next twelve months.”

› Will you be going into more countries?

“I think so, and if so it would be northern Europe. We are ›

TRANSACTION MARKET SWEDEN

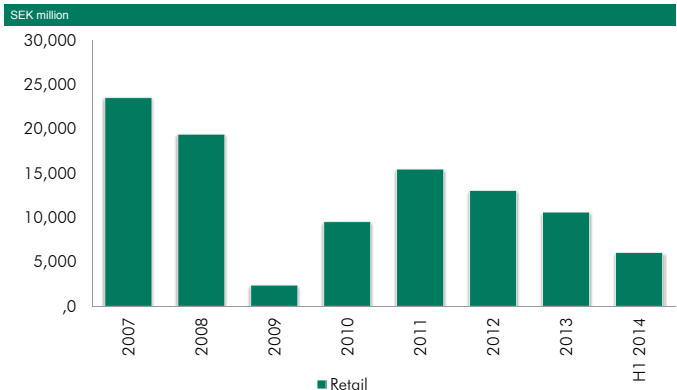
Retail Investment Volume 2007 - 2014



Source: CBRE Research
CBRE | FASTIGHETSSVERIGE | RETAIL MARKET SWEDEN

TRANSACTION MARKET SWEDEN

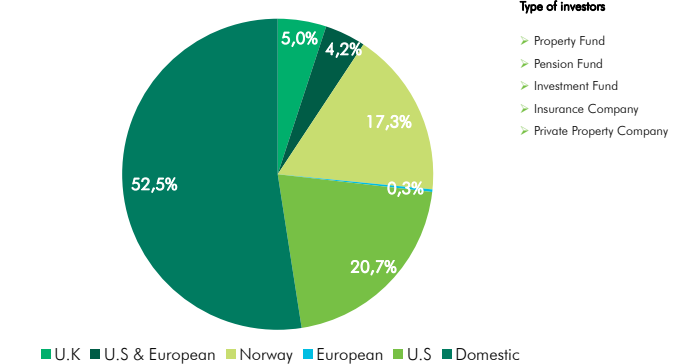
Retail Investment Volume 2007 - 2014



Source: CBRE Research
CBRE | FASTIGHETSSVERIGE | RETAIL MARKET SWEDEN

TRANSACTION MARKET SWEDEN

Retail Investors, share of market 2013 - 2014



Source: CBRE Research
CBRE | FASTIGHETSSVERIGE | RETAIL MARKET SWEDEN



PICTURE: EDDIE ERBERG

LIKES DOING DEALS. Jan Björk has worked with property transactions for more than 20 years. And during the coming year, the focus on deals will continue, as Redito is continuing to buy retail properties, and soon perhaps also properties in the housing sector.

»It is important to have knowledge and study the contemporary environment carefully first.«

› looking at several countries. But we won't throw ourselves into another country just for the sake of it, instead the underlying factors must be advantageous – risk and return must be better than in Sweden, otherwise there is no point.”

› **What is the market like for retail properties in Sweden?**

“From having been a sector that people almost avoided over the last three years, we are now seeing increased interest from both Swedish and international investors. This is partly because there is a lot of capital out there that needs to be invested, and also because there are not all that many other options. Everybody wants to buy offices and housing, and these are also felt to be expensive by many. And the market for industrial and logistics properties is fairly small. So that leaves retail.”

› **What is the competition for objects like?**

“It has been very weak up until 2014, but now it has increased somewhat. This applies to all types of properties within the segment. What is quite clear is that there are lots of deals to be made in this sector, both in Sweden and the other Nordic countries. For offices and housing, you can perhaps expect a return of 4–5 per cent, and for retail it is around 8 per cent; in other words, you get about twice the direct return.”

› **Will you ever invest in anything other than retail properties?**

“I hope we can build up a housing division within the near

250 PROPERTIES

Redito has a property portfolio of 250 properties in Sweden and Finland, with an overall area of around 500,000 sq m. The properties are distributed across almost 200 locations. The portfolio covers primarily food retail shops, with Ica, Coop, Bergendahls and Axfood as tenants in Sweden, and Kesko and S-gruppen in Finland. The market value of the properties today amounts to around SEK 5.5 billion.

future. And perhaps we will invest in other properties within the retail sector.”

› **What regions of Sweden are the most interesting for investors?**

“Generally outside the major city areas, as the markets, in particular in Stockholm and Malmö, are over-established. In Gothenburg, the situation is slightly better. Parts of the retail sector are having a lot of problems, and a lot of new retail areas will be added in the near future.”

› **What can we learn from the shopping centre markets around Europe?**

“I sometimes think that many environments in shopping centres in Europe are better than here. This also applies to the restaurant range. When it comes to welcoming and service, we also have some way to go to reach European levels.”

› **What is the best retail deal that has yet not been done in Sweden?**

“I would hand-pick strong regional shopping areas outside the major cities, but it is important to have knowledge and study the contemporary environment carefully first.”

› **What do you think about being the sole actor within this segment; do you want to have competitors?**

“We have absolutely nothing against competition, but there is no major portfolio in this sector apart from our own and Ancore's.” ■



PICTURE: ISTOCKPHOTO

“An earthquake in changed media communications”

■ Your mobile vibrates in your pocket, you pick it up and get a good offer on the product on the shelf beside you – the same product you were about to buy on the Internet earlier.

The future's way of communicating with customers? “We are already there,” says Pär Bäck, one of the founders of Shopjoy.

By: Nicklas Tollessen

DEVELOPMENTS IN DIRECT communications with customers via mobiles are moving at break-neck pace.

“We're noticing a big difference in interest among customers even now this autumn compared to last spring,” says Pär Bäck, who two years ago founded Shopjoy together with Per Anell.

The fact that media consumption is increasingly moving to mobiles can hardly have gone unnoticed by anyone.

“I heard an Apple employee describe this in a good way: ‘We are facing an earthquake in changed media communications.’ We will be reaching 8 or 9 on the Richter scale, but what we've seen to date is just the leaves fluttering,” says Pär Bäck.

SHOPJOY IS ONE of several companies in Sweden – other examples are Katalysator and CGI – that are working with communication technology for so-called Ibeacons, small transmitters that can be set up in shops, for example. Just now, several pilot projects are under way in Sweden.

Ibeacons sense when a mobile is in the vicinity and sends a message via Bluetooth – it might be an offer, information about where there are services close by or similar.

“Of course there will be discussions about personal integrity. For this type of communication to succeed, I'm convinced that the recipients must have chosen to receive it themselves. You must have downloaded the shop's or the shopping centre's app in order for the sender to be

allowed to send the information, otherwise it'll be all wrong.”

The technology for Ibeacons is relatively simple. It is already built into Apple's smartphones, and also works on Android mobiles.

“But Ibeacons are not Apple's technology. We plan to manufacture our own Ibeacons already this autumn. It's really quite simple, a transmitter and a battery. We design them here in Sweden and the manufacturing is done in China.”

Because the consumer shares personal data – such as sex, age, family situation and interests – the messages can be tailored and unnecessary information can be screened out.

“The key is relevant messages, that arrive at the right time and when you're in the right place. Then you can use the consumer's purchasing or surfing history. If you've been looking at a product in the shop's Internet shop just before you get to the physical shop, you can get a special offer on that particular product. I can understand if people think this is a bit spooky to begin with, but the technology is there.”

► Say in two, three years – what would then happen if I went into a sports shop?

“First you would get a greeting and then, as you are part of the shop's loyalty system, an offer linked to the system. They know that you are interested in bandy and that your favourite team is Surte BK, which means that you'll get an offer ►



»I thought shopping centres would be more onboard, but the fact is that it's the large retail chains that are seeing the most opportunities.«

DIRECT COMMUNICATION. Relevant messages at the right time – when the customer is in the right place. These are the keys to success according to Pär Bäck, who is working on helping companies with direct communications to customers via their mobiles.



PICTURE: NICKLAS TOLLESON

IBEACONS. This is what the small Ibeacon transmitters look like. The technology is already built into Apple's smartphones, and also works with Android.

of reduced prices on bandy clubs and a message that they have just taken delivery of Surte supporter tops and where they are located in the shop. When you pass by the children's clothes, they know the ages of your daughters and you'll get tailored offers for them. You're interested in a treadmill and choose to place your mobile next to an Ibeacon that is fixed to the treadmill. You'll then get all the product information sent to your mobile, including other users' reviews. When finally you get to pay at the checkout, of course you do so with your mobile."

PÄR BÄCK THINKS that lots of companies will be using this technology in the near future. Shops and shopping centres are one target group, and museums, arenas and events are another.

"We spoke to a major property company recently and they saw great opportunities – the property can communicate with the visitor or the tenant. It can talk about the current environmental impact, whether there are vacant premises, whether there are toilets nearby, perhaps pass-words, there are great opportunities."

› **Which actors have come the farthest with this?**
"I thought shopping centres would be more

USERS WHO HAVE TRIED IBEACONS IN SWEDEN

- Tjustbygden Sparbank – tips and advice to bank customers. In collaboration with Shopjoy.
- Liseberg – offers and information, such as queueing time for the attractions. In collaboration with CGI.
- Coop Centralen, Stockholm – offers. In collaboration with Katalysator.

onboard, but the fact is that it's the large retail chains that are seeing the most opportunities."

› **A limitation to this must be that people don't want as many apps as all that on their mobiles?**

"Yes. The major chains don't want to use the Shopjoy app, but their own. This is where you've got to weigh things up. Big actors may get lots of users of their own app, but for smaller actors there must be umbrella apps. A Shopjoy app, a common app for the shopping centre or another actor that gathers together lots of smaller apps under an umbrella."

"Apple are already about to introduce a system that tells you that 'these apps are the most popular in the area where you are now', a way of being informed about who of those around you are using the technology."

› **When do you think this will really catch on?**

"There is often a tendency to underestimate the time it takes for this type of change to catch on. At the same time, you often also underestimate their power when they really do catch on, so that once it happens, it happens big and fast. If I were to guess, then – at the end of 2015."

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Big Atrium Ljungberg to get even bigger

■ With 360,000 square metres of trading area, Atrium Ljungberg comes top of our list of the largest shopping centre owners in Sweden.

“There are big ambitions for the company and we have a large project portfolio,” says Mattias Celinder, Business Area Manager Trade at Atrium Ljungberg. **By:** Eddie Ekberg

› Atrium Ljungberg now tops the list of Sweden’s largest shopping centre owners. What does it mean to be the largest?

“It is, of course, always great to be top of the list and to be the biggest. But that isn’t the most important thing for us, instead that we are good at managing the properties we’ve got.”

› Recently you re-opened Mobilia in Malmö and doubled the area from 30,000 to 60,000 square metres. How satisfied are you with this shopping centre to date?

“I am very pleased with the new Mobilia, we have created a new city quarter, and still retained the soul of the place. And then we won this year’s town building prize. Mobilia is a good long-term investment for us. It’s no secret that Malmö is a tough market, and that there are challenges – but I’m convinced that it is good long-term investment.”

› How much have you got left to rent out?
“If you walk around Mobilia, you’ll see a couple of vacant premises, so there isn’t an awful lot left.”

› Have you been getting the rents you were expecting?

“We don’t discuss rental levels in detail, but we are happy with the settlement we have reached.”

› You mainly own shopping centres in Stock-

holm, Malmö and Uppsala. Why not Gothenburg?

“We want to be big where we are, in order to create larger mixed areas. Owing one-off solitaires isn’t our thing; therefore we need certain opportunities to enter a new location. But no decision has been taken not to enter Gothenburg, so one should never say never.”

› Now you are the biggest – will you grow even further?

“Yes, we will! There are big ambitions for the company and we have a large project portfolio of about SEK 1 billion per year. So we will definitely be growing, partly through projects but also through acquisitions.”

› Will you be on the selling side over the next few years?

“We sold a lot in 2006 in conjunction with the merger. But there might be the odd one now too, there usually is.” **■**

BIGGEST. Atrium Ljungberg comes top of our list of the largest shopping centre owners in Sweden. According to Mattias Celinder, Business Area Manager, the company will grow even further through own projects and acquisitions.



PICTURE: CHRISTOFER EDLING

The list is based on data gathered from the companies’ websites. The list refers to lettable trading area. The list excludes big boxes and other pure external trade. Source: Newsec

Top5 // Shopping centre owners 2014 Q3

1 Atrium Ljungberg
MD: Ingalill Berglund.
Lettable shopping centre area: 360,000 sq m.

When Atrium Ljungberg was formed in 2006 through a merger between Ljungberggruppen and Atrium Fastigheter, one of Sweden’s leading property companies focusing on the development and management of trading and office properties was created. Atrium Ljungberg is today one of Sweden’s largest listed property companies. The portfolio contains mainly trading properties and is distributed across growth spots in Sweden, primarily in Stockholm, Malmö and Uppsala.



PICTURE: FRANK LEFANDER

DOUBLE THE SIZE. Atrium Ljungberg’s Mobilia in Malmö has doubled its area from 30,000 to 60,000 square metres.

DEFINITION SHOPPING CENTRE

A shopping centre is a collective name for various types of trading properties. There is a formal international definition, formulated by the Urban Land Institute (ULI).
“An architecturally uniform group of buildings for retail trade and commercial services, planned, developed, owned and managed as a unit. In terms of location, size and type of shops and the number of onsite parking spaces, it shall be dimensioned and adapted to the trade market it serves.”
A collective name for the following types of trading properties:
• City malls
• Themed centres
• Suburban centres/City district centre
• Municipal centre
• Regional centre
• Trading parks/Retail parks/Volume trading

2. Unibail-Rodamco
MD: Christophe Cuvillier.
Lettable shopping centre area: 260,000 sq m.
If the projects in progress were included, Unibail-Rodamco would have been top of the list. Unibail-Rodamco are currently working on creating Sweden’s largest shopping centre, Mall of Scandinavia, with around 100,000 square meters of lettable area. The opening is planned for autumn 2015.

3. Diligentia
MD: Anders Kupsu.
Lettable shopping centre area: 230,000 sq m.
Despite Skandia Liv’s property company Diligentia sold a large number of properties in 2011 and 2012, the shopping centre portfolio was kept more or less intact. The only shopping centre sold was the city mall Gyllen in Linköping. The two largest shopping centres in the portfolio are Frölunda Torg and Väla Centrum.

4. Steen & Strøm
Acting MD for Sweden: Thomas Aquizerate.
Lettable shopping centre area: 250,000 sq m.
Steen & Strøm was Sweden’s leading shopping centre owner in terms of lettable trading area in 2013. But in June 2014, five shopping centres were sold to the Norwegian company Olav Thon Gruppen. The purchase price for the portfolio amounted to SEK 3.25 billion.

5. Eurocommercial
MD: Jeremy Lewis.
Lettable shopping centre area: 210,000 sq m.
Eurocommercial were active on the Swedish market most recently in autumn 2012, when it both sold and bought properties. At the end of August 2012, the company communicated that Eurostop, located just outside Halmstad, had been acquired from Atrium Ljungberg and the French company Unibail-Rodamco.

Top5 // Largest transactions 2013 Q4-2014 Q3, retail properties

1 In November last year, it was communicated that the American company Starwood Capital Group had bought seven shopping centres covering a total of 205,000 sq m from KF Fastigheter for SEK 3.9 billion. Among the shopping centres included are Bromma Blocks, located just west of central Stockholm, and Bäckebol Köpcentrum, located just north of central Gothenburg.

2 The Norwegian company Olav Thon Gruppen made a real break onto the Swedish market when, in June

2014, they acquired five Swedish shopping centres from the Norwegian company Steen & Strøm. The purchase price for the portfolio, which covers a total lettable area of 123,000 sq m, amounted to SEK 3.25 billion. The shopping centres included in the deal are Sollentuna Centrum in Sollentuna, Mirum Galleria in Norrköping, Mitt i City Gallerian in Karlstad, Etage in Trollhättan and Familia in Hyllinge outside Helsingborg.

3 The Third Swedish National Pension Fund owns the property company Trophi Fastighets AB, which is

entirely focused on trading properties. In July 2014, Trophi Fastighets AB acquired 54 trading properties spread across 45 locations in the Lake Mälaren valley and south-western Sweden for SEK 1.2 billion. The lettable area amounts to 138,000 square metres.

4 In September 2014, Ica Fastigheter Sverige AB sold ten trading properties to Ancore Fastigheter, which is co-owned by Ica Fastigheter AB and Alecta. The underlying property value of the deal was SEK 918 million, and the properties

have a lettable area of around 46,000 square metres. After the acquisition, Ancore Fastigheter owns 29 trading properties with a total value of just over SEK 5.0 billion.

5 Konsumentföreningen Gävleborg sold Valbo shopping centre outside Gävle in July 2014. The buyer was European Shopping Centre Fund, and the entities behind the fund are CBRE Global Investors and The Teacher Retirement System of Texas. Valbo shopping centre houses almost 60 shops, divided up across just over 37,000 square metres.

Source: Newsec



PICTURE: STOCKPHOTO



PICTURE: TIAA HENDERSON

WANTS TO GROW. Henderson, with Johan Åström as Sweden MD, is planning to grow within the retail segment in Sweden and the Nordic countries over the next few years. But this is easier said than done. "There are not that many objects coming onto the market," says Johan Åström.

Giant wants to grow within retail in Sweden

■ TIAA Henderson plans to invest EUR 500 million, mainly in retail properties in the Nordic countries up until 2016.

But the company's Sweden MD, Johan Åström, says that it is not easy to find the right business.

"There are not that many objects coming onto the market," he establishes.

By: Nicklas Tollesson

LAST SPRING, TIAA-CREF AND HENDERSON merged to create TH Real Estate, one of the world's largest property companies – the overall managed volume corresponds to just over SEK 525 billion.

Now the company is aiming for an offensive in Sweden and the Nordic countries – primarily within retail.

"Through the merger, we now have the opportunity to work with several different sources of capital. We have been given a major mandate from TIAA-CREF, who wants to increase its exposure to property in Europe in general and the Nordic countries

in particular. In addition, we have recently raised money for a new fund, aimed solely at retail properties in Sweden, which has an investment volume of around SEK 1 billion," says Johan Åström.

The background is that TH Real Estate and its investors see the Nordic countries as a stable market, providing a secure and stable return.

The company is now looking for investment objects in its core segment, not necessarily in the major cities.

"We are looking in stable growth locations, and we are looking at a broad section of the retail segment. It could be city malls, external shopping centres, volume shopping properties or city shops. As we have several different mandates, and one of them is major, we are interested in everything from SEK 150 million to several billion."

So the capital and willingness to invest is there – but it is still not all that easy to reach results.

"We are working actively to penetrate the market, and monitor and are interested in everything that comes onto the market. But we are noticing that it is difficult for us to find good objects. We are operating in a low-interest market, and it is easy to borrow money; there isn't always a reason to sell."

► Are you interested in project properties?

»We are operating in a low-interest market, and it is easy to borrow money; there isn't always a reason to sell.«

"We could absolutely be interested in these, preferably then in conjunction with the right type of partner."

TH Real Estate are also interested in investing in offices, primarily in Stockholm and Göteborg.

"But this would be further into the future. Our primary competency is within retail; more than half of our portfolio in Europe consists of retail properties, and we feel secure with that type of assets."

► When do you think you will make your first purchases with the new mandates?

"I would expect it to be before the year end." ■

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EAST CAPITAL

Skip e-trading, but think flowtail

Traders and property owners have been scratching their heads and wondering about the relevance of their business models, now that more shopping is done over the Internet. Now it is high time to skip e-trading and instead focus on the opportunities of digitization for the physical location.

In their new book, *Urban Express*, Per Schlingmann and Kjell A Nordström write that digitization facilitates meetings at a distance, and that people therefore can work and shop without meeting. Despite this, urbanization continues unabated, and people instead seem to have an ever increasing need to live close to each other. The explanation for this lies in the creativity and innovative power that a city creates, but also that the digital wave has increased the need for physical meetings. In a digital world, nobody is prepared to pay to see a rock video on YouTube. At the same time, we pay thousands of kronor to see the artists live.

For property owners and traders, it is not enough, however, to lean back and await urbanization's warm wave of increased purchasing power to hit city shopping centres. The shopping will take place in shopping centres, but the physical location must be adapted in order to meet digital shopping behaviour. Here are two tips:

FIRSTLY, DIGITIZE SHOPPING. According to Deloitte Digital, currently 36 per cent of all purchases carried out in shops are preceded by a digital interaction. Before the end of the year, this figure will be 50 per cent. So, half of all transactions in shops are initialized by customers who first check their mobile, tablet or computer. What property owners can be sure of is that the transaction thereafter takes place physically. But in order for it to take place at all, a digital strategy is required. A digital consumer

» Now it is high time to skip e-trading and instead focus on the opportunities of digitization for the physical location.«

will only visit the shop if he/she can first establish that the product is in stock. Being able to display the shopping centre's range of goods and stock levels therefore becomes a hygiene factor. A good example of a digitized shop is Bubbleroom, which in the physical shops it builds tries to achieve everything that you cannot do digitally. In Bubbleroom's case, this entails large fitting rooms and knowledgeable and advisory staff. At the same time, the digital way of thinking is brought into the shop, with screens displaying the top-selling garments and the garment last sold. The screens also show films with all the garments available in the shop.


SECONDLY, ESTABLISH SHOPPING AREAS where the flows are. Individual property owners can create an experience above the norm by building shopping areas, such as Mall of Scandinavia or Emporia. But for most by far, this is instead about adapting to digitization, and building where the customers are. This means new establishment areas, such as central stations, underground stations or why not day nurseries? Combining digital offerings with physical establishments in locations where people move around



DIGITIZE TRADING. Svensk Handel's chief economist Jonas Arnberg thinks it is time to let go of the confusion of e-trading and to digitize the trading places.

constitutes a great potential. Electronics consumers want to be able to choose and book the product on the Internet, but to squeeze and feel it in a shop, have it delivered quickly to the shop and get advice from a salesperson there. For this, you do not need 3,000 square metres outside the city, you need 30 square metres in a location with good footfall.

Property owners also need to create flexible solutions, where traders can test out their concepts. It might be an e-trader, who wants to test a physical presence through a pop-up store during a limited time, or a chain that wants to test a presence on a new market. Flexible space is needed for this, with flexible leases and constant analysis.

So: Let go of the confusions of e-trading and trust shopping centres to remain the No 1 platform for retail. But make sure to go with the consumer and digitize the trading places – flowtail! 



Jonas Arnberg,
Chief Economist at Svensk Handel.

PICTURE: BJÖRN MATTISSEN

LIKES FISHING

Name: Jonas Arnberg.

Age: 38 years.

Family: Partner and two children.

Profession: Chief Economist at Svensk Handel.

Career: Jonas Arnberg is the new Chief Economist at Svensk Handel, and previously worked for just over ten years as a consultant, specializing in strategy and analysis of retail at United Minds and HUI Research.

Leisure: Working on getting the children interested in fishing, and hoping for a pike weighing more than 10 kg this autumn.

12,000 MEMBERS

Svensk Handel is an industry and employers' organisation for small and large companies within retail, wholesale and imports. Trade makes up almost ten per cent of Sweden's GNP, and the 12,000 member companies together employ 300,000 persons. Svensk Handel is part of the Confederation of Swedish Enterprise.



TO CONQUER SWEDEN. Within five years, Coffee & Brands, led by MD Tommy Svensson, will have established at least 30 Dunkin' Donuts restaurants in Sweden. The first is planned to open as soon as this autumn in Stockholm.

WORKED AT WALT DISNEY AND TOYOTA

Name: Tommy Svensson.

Age: 49 years.

Family: Married, two children aged 19 and 21.

Lives: Linköping.

Profession/title: MBA, MD and partner in Coffee & Brands. Has worked with finance and HR in major international companies, such as Walt Disney, Sony Music and Toyota.

Leisure: A bit of golf and skiing. Spending time with family and friends.



Dunkin' Donuts to conquer Sweden

■ Already this autumn/winter, the celebrated café and restaurant chain Dunkin' Donuts will be opening its first units in Stockholm. And in five to six years' time, it expects to have opened upwards of 50 units throughout Sweden. **By:** Eddie Ekberg // **Picture:** Dunkin' Donuts

DUNKIN' DONUTS IS ONE of the world's largest café and restaurant chains, with more than 11,000 restaurants in 33 countries around the world. Now the aim is set on Sweden. Dunkin' Donut's major investment is made via a franchise agreement signed with Coffee & Brands Sweden AB, which will be operating all the units itself.

Coffee & Brands Sweden AB is owned by Oskar Svensson, Johan Sjöhagra and Tommy Svensson, who together have experience of consumer sales from companies such as Billema, Ica, Ikea, Walt Disney and ÖoB. Tommy Svensson has been appointed MD.

"We think there are many Swedes who will recognize our concept, and be happily surprised now that it is coming to Sweden. The range will be supplemented with Swedish variants, and will

include DD Smart, which is a range with a nutrition and health profile," says Tommy Svensson.

► **Why does Dunkin' Donuts want to open in Sweden?**

"At present, DD is in a fairly strong expansion phase in general in Europe. There are lots of similar negotiations in progress, and units have been opened in England, Spain, Germany, Russia and Bulgaria. Austria and Sweden are next in line, but will be followed by several other countries in the coming years. Dunkin' Donuts has seen that the concept works, and wants to expand."

► **How was it done?**

"A few years ago, a colleague and I felt like doing something different from what we were doing then. He had been to the USA and come across the Dunkin' Donuts concept there, and we both felt that bringing it to Sweden could work. Our first contact with USA was in spring 2013, ►

**PRESENT IN 33 COUNTRIES**

Dunkin' Donuts, which was founded in 1950, has currently more than 11,000 restaurants in 33 countries and is listed on Nasdaq, DNKN.



› and thereafter we signed a contract, and now this autumn, one and a half years later, we are opening the first restaurant in Stockholm.”

› **What are you working on now?**

“What we are doing now, and have done recently, is to look for locations. Establishment is a very important part in a business of this type. We have contacted estate agents and property owners and we are negotiating establishments in several locations. This process takes time.”

› **What are your establishment plans?**

“We are starting in the Stockholm area, in city locations, for example Kungsgatan, Hamngatan and Stureplan, the central islands, and also further out in the next circle, such as Kista, Täby, Mall of Scandinavia, Nacka Forum, Skärholmen, and so on.”

› **Could you envisage collaboration, such as between Starbucks and Ica?**

“That could absolutely be of interest. But this would come a little bit later in the process. For example, Dunkin' Donuts already have an agreement with Liverpool Football Club at their arena in Anfield Road. It would be cool to do something similar in Sweden.”

› **What other cities apart from Stockholm are of interest?**

»We will surprise with a combination of a very attractive range at a reasonable price level.«



“The phone has been hot with calls from actors in Gothenburg, Malmö, Örebro, Västerås, Uppsala, Linköping, Norrköping, and so on. There are many who are interested in us establishing ourselves in their cities. And we would absolutely consider that, but it would be a little later on.”

› **What parameters do you consider when choosing locations?**

“There are several factors: population density, how expansive the municipalities are, what the infrastructure looks like, whether new areas and shopping centres are being planned and built.”


› **How far will you have come in five years' time?**

“By then, we will have at least 30 units established in 3–5 cities in Sweden. And then we might have reached a “Big Bang” solution, like Starbucks/Ica.”

› **Describe Dunkin' Donuts' concept!**

“Many think it is just donuts, but that is not at all the case. We serve breakfast and lunch, with sandwiches, bagels, croissants and lots of other things. The drinks range, with hot, cold and chilled drinks, is very broad.”

› **How sure are you that you will succeed?**

“Very sure. It is an extremely strong brand and concept, which is not present in Sweden today, and which will surprise with a combination of a very attractive range at a reasonable price level. In many chains, the price of coffee and accessories has risen incredibly fast recently, and a coffee and a sandwich of some kind can be more expensive than a lunch.” 

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